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SUBJECT: PUBLIC SUPPORTS RUDD BUT PUNISHES LABOR IN STATE
ELECTIONS

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11. (SBU) SUMMARY: According to a new A.C. Nielsen poll, Prime Minister Kevin Rudd's approval rating has increased by 10 points to 71 percent, the highest rating he has ever recorded. Seventy-six percent of those surveyed supported Rudd's handling of the economic crisis and his economic package, and his lead over Opposition Leader Malcolm Turnbull as preferred prime minister increased by 15 points, to 64-26 percent. On October 18, in elections in the Australian Capital Territory (ACT), however, the Labor Party's vote fell by almost 10 percent as it lost its majority in the local assembly. The chief beneficiary was the Green Party, which won three of the 17 seats in the ACT assembly, and now must decide whether to form a minority government with the Australian Labor Party (ALP) or the Liberals. In New South Wales (NSW), the swing against the ALP in by-elections for three state parliamentary seats in Sydney was nearly 24 percent in two of the seats. The ALP lost only one seat but this was the largest swing in a federal or state by-election in 60 years. The weekend's polling and election results indicate that while Kevin Rudd received an endorsement from the public for his economic moves, state ALP governments are suffering, and the Green Party's vote is increasing around the country. END SUMMARY.

IN NEW POLL, PUBLIC BACKS RUDD ON ECONOMY

12. (U) An A.C. Nielsen poll, conducted from Thursday, October 16 to Saturday, October 18 and released October 20, found that Rudd's approval rating had soared to 71 percent, up 10 percent from the previous month and the highest rating he has ever recorded. In this first poll taken since Rudd announced his economic responses to the worldwide financial turmoil (ref A), 76 percent backed the Prime Minister's handling of the crisis and the economic stimulus package he announced in response. While Opposition Leader Malcolm Turnbull's approval rating also jumped 10 points to 55 percent, Rudd increased his lead as preferred prime minister by 15 points, opening up a 64 to 26 percent advantage. The poll also indicated that the ALP was now more popular, with its support increasing to 46 percent and the Liberal-National Coalition's falling to 39 percent. This erased the bounce the Coalition had received earlier when Turnbull replaced Brendan Nelson as Opposition Leader (ref B). While Turnbull's approval rating rose, his disapproval rating also increased by 4 points to 30 percent. By contrast, Rudd's disapproval rating dropped from 31 to 20 percent. A.C. Nielsen's chief pollster noted to the press that "it doesn't matter how popular Turnbull is, Rudd is more popular."

DROP IN LABOR VOTE BENEFITS THE GREENS IN ACT

13. (SBU) In the equivalent of state-wide elections in the ACT on Saturday, support for the ALP dropped 9.3 percent from the previous election in 2004. The ALP lost its majority of nine

seats in the seventeen-seat assembly and must now hope it can form a minority government with the Green Party, which secured 15.8 percent of the vote and two more seats in the legislative assembly - giving it three. With the ALP and the Liberal Party each winning seven seats in the ACT Assembly, the Green Party will decide whether the ALP or the Liberal Party will form minority government. While ALP Chief Minister Jon Stanhope has lost much of his popularity with the voters, the ALP still won a plurality of the vote, at 37.5 percent, and it will argue that the Greens should support Labor, its ideological ally. The Liberal Party won 31.2 of the vote, down 3.6 percent from 2004 and it will be hard for it to claim a mandate from the public to govern.

BIG VOTING SWING AGAINST LABOR IN NEW SOUTH WALES BY-ELECTIONS

14. (SBU) While there were four by-elections in NSW this weekend, the results for the three state seats in Sydney were the mostly closely watched. The by-elections were caused by the resignations of former ALP Premier Morris Iemma and the resignations of his Deputy Premier and Health Minister. In two seats, there was a remarkable swing of more than 23 percent against the ALP and in the third, a 12 percent swing.

The ALP lost only one seat because the other two were very safe Labor electorates but the result, according to a political commentator for the Australian Broadcasting Corporation, was the worst for a sitting government in NSW history. In the seat won by the Liberal Party, the commentator noted, one in four voters changed their vote from Labor to Liberal. If this had been a state-wide election, the ALP would have been decimated. The ALP had been expecting a bad result, given all the turmoil in the

CANBERRA 00001054 002 OF 002

government over electricity privatization and its continuing poor record of service delivery (ref C). Fortunately for Labor, the next state-wide election is not until 2011, which pundits are already saying the ALP will lose.

NATIONAL PARTY FADES FROM NSW CENTRAL COAST

15. (SBU) In the fourth by-election on the NSW central coast an independent beat the National Party candidate. This is the second independent to win this seat in what was once a stronghold of the National Party. In contrast to Western Australia, where the National Party increased its strength, the party continues to grow weaker in NSW.

COMMENT: GOOD NEWS FOR RUDD AND THE GREENS

16. (SBU) Rudd had been criticized before the economic crisis as a "cautious, review-addicted policy wonk," as one media commentator put it. He has been able to successfully portray his actions announcing a stimulus package and publicly deflecting anger against highly-compensated financial sector CEOs as bold, decisive leadership, and the public has responded. As a bonus, Rudd trumped Opposition criticism of government underfunding of pensioners and their carers by upping their payments in the economic stimulus plan. While Opposition Leader Malcolm Turnbull may have done the right thing by supporting the Government, he disappeared from the media as Rudd was responding to the crisis, giving Labor a clear field. While the ACT, full of civil servants and academics, has always been more Left than the rest of Australia, the success of the Greens illustrates a growing trend. In the NSW by-elections, the Greens polled 12.7 percent. In the Western Australia elections in September, they won 12 percent of the vote, and they recorded a high of 13 percent in the latest Newspoll on national voting intention. There are now 25 Green parliamentarians around the country, five federal senators and 19 state politicians.

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